

**OVERSIGHT BOARD TO THE FORMER
COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF COMPTON
STAFF REPORT**

DATE: MARCH 20, 2013
TO: THE HONORABLE CHAIR AND BOARD MEMBERS
FROM: EXECUTIVE DIRECTOR
SUBJECT: UPDATE ON DEPARTMENT OF FINANCE (DOF) COMMUNICATIONS

BACKGROUND:

At the direction of the Oversight Board, Successor Agency staff is to provide a monthly report on communication between the Successor Agency and the State Department of Finance (DOF). To that extent, this is the Successor Agency's monthly report to the board regarding communication with the DOF.

DISCUSSION:

Since the last Oversight Board meeting on February 27, 2013, the Successor Agency staff has had the following correspondence with the DOF:

- 1.) March 4, 2013 – Received a letter from DOF requesting remittance of unrestricted LMIHF Funds as identified in Due Diligence Review – Low Moderate Housing funds

Successor Agency staff has met with its General Counsel, Executive Director and the City Controller regarding the DOF March 4 letter and are preparing a response. Upon submission of the Agency's response letter to the DOF, staff will provide a copy to the Oversight Board.

RECCOMENDATION:

Staff recommends the Board receive and file this report.

**G. HAROLD DUFFEY
EXECUTIVE DIRECTOR**

Attachments:

DOF Letter Remittance for remittance of LMIHF Funds (DDR – Low Moderate Hosing Funds).



DEPARTMENT OF
FINANCE

EDMUND G. BROWN JR. • GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

March 4, 2013

Mr. Kofi Sefa-Boakye, Director
City of Compton Successor Agency
205 South Willowbrook Avenue
Compton, CA 90220

Dear Mr. Sefa-Boakye:

Pursuant to Health and Safety Code (HSC) section 34179.6 (f), the City of Compton Successor Agency was ordered by the Department of Finance (Finance) on November 21, 2012 to remit to the county auditor-controller \$11,204,736 in unencumbered Low-and-Moderate Income Housing Funds. In a decision following a meet-and-confer session held on December 21, 2012, the ordered amount remained unchanged.

According to our records, the Successor Agency has yet to remit the ordered sum. If this is not correct, and the Agency has remitted the full ordered sum, please provide proof of payment to both Finance and the county auditor-controller.

I strongly encourage you to promptly remit the ordered sum to the county auditor-controller if you have not already done so. If for some reason the Successor Agency cannot immediately remit the entire sum, HSC section 34179.6 (h) (3) authorizes Finance to review requests for an installment payment plan. If you wish to make installment payments, please notify your Agency's assigned Finance review staff immediately. Upon receipt of your request, Finance will work with your Agency to determine whether installment payments are appropriate, and whether a payment plan can be finalized within the next 30 days.

Alternatively, Per HSC section 34179.6 (h), failure to remit the ordered sum within five business days of Finance's meet-and-confer decision may result in the one or more of the following:

- Sales & Use Tax Withholding: For those situations where the amount to be remitted has previously been transferred to the city, Finance is expecting to request the Board of Equalization to withhold an equivalent amount of sales and use tax distribution from the city that created the former redevelopment agency (RDA). Such withholding would likely occur in May.
- Property Tax Withholding from Successor Agency: Finance is expecting to direct the withholding by the county auditor-controller of an equivalent amount of property tax out of the RPTTF from the Successor Agency. If the withholding of property tax revenue from the Successor Agency is ordered, the withholding will take effect with the June 2013 Redevelopment Property Tax Trust Fund allocation.

- County Auditor Controller Remedy: Based on a successor's particular circumstances, Finance may not seek the remedies described previously. However, the county auditor-controller may decide, at his or her own discretion pursuant to HSC section 34179.6 (h), to reduce the property tax allocation to the Successor Agency or the local agency that currently possesses the sums in question.

Finance has no desire to seek any of the above remedies against either the Successor Agency or the city or county that is performing the duties of the Successor Agency. **However, if the Successor Agency fails to remit the ordered sum to the county auditor-controller within 30 days of the date of this letter, Finance is prepared to utilize any of the above-described remedies provided for by law.**

If Finance does not immediately pursue the remedies described previously, additional actions are still available to seek your compliance with the ministerial duties set forth in HSC section 34179.6. For example, Finance will determine if it is appropriate to file a petition for writ of mandate in the Sacramento Superior Court seeking an order for the Successor Agency to remit the ordered sum to the county auditor-controller.

If you have questions regarding remittance instructions, please contact your county auditor-controller's office to ensure that they have reported the accurate remittance amount to the Department of Finance.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Mr. Michael Antwine, Deputy Director, City of Compton
Ms. Kristina Burns, Manager, Los Angeles County Department of Auditor-Controller
California State Controller's Office